

Idaho Grain Market Report, October 12, 2018—NEW CROP PRICES

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lwilder@barley.idaho.gov

208-334-2090

www.barley.idaho.gov



Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, October 10, 2018. Barley prices in \$/Cwt. And wheat prices in \$/bu.

| | Barley (Cwt.) FEED 48 lbs or better | MALTING Open Market Malting | Wheat (bu.) Milling #1 SWW | #1 HRW 11.5% Protein | #1 DNS 14% Protein | #1 HWW |
|---------------------------------------|---|---|--|-------------------------------------|-------------------------------|---------------|
| Rexburg / Ririe | 6.25 | | 4.63 | 5.07 | 5.56 | 5.44 |
| Idaho Falls | | 8.30-8.33 | 4.30 | 4.90 | 5.50 | 5.40 |
| Blackfoot / Pocatello | | 7.06 | 4.30 | 4.90 | 5.50 | 5.40 |
| Grace / Soda Springs | 4.00-6.50 | | 4.41 | 4.81 | 5.56 | 5.26 |
| Burley / Rupert | 6.25 | | 4.56 | 4.65 | 5.31 | 5.15 |
| Twin Falls / Buhl Jerome / Wendell | 5.00-6.50 | | 4.40-4.45 | 4.81 | 5.56 | 5.21 |
| Nampa / Weiser | | | 4.90 | | | |
| Nezperce / Craigmont | 5.21 | | 5.30 | 5.50 | 6.01 | |
| Lewiston | 5.73 | | 5.56 | 5.76 | 6.27 | |
| Moscow / Genesee | 5.24-5.43 | | 5.33-5.40 | 5.53-5.65 | 6.04-6.17 | 5.65 |

Prices at Selected Terminal Markets, cash FOB

Wednesday, October 10, 2018. Barley prices in \$/Cwt. And wheat prices in \$/bu.

| | #2 Feed Barley 46 lbs. -- | Malting Barley | #1 SWW | #1 HRW 11.5% Protein | #1 DNS 14% Protein | #1 HWW |
|-------------|--|---------------------------|---------------|-------------------------------------|-------------------------------|---------------|
| Portland | | | 6.00-6.17 | 6.26-6.46 | 6.77-6.87 | |
| Ogden | 7.30 | | 4.80 | 5.17 | 5.96 | 5.70 |
| Great Falls | 5.85-6.50 | 7.75-8.05 | | 5.16-5.32 | 5.48-5.77 | |
| Minneapolis | 2.60 | | | 5.96 | 6.72-6.97 | |

Market News and Trends This Week

BARLEY—Local feed barley prices were mostly stable but ranged from \$0.25 lower to \$0.10 higher at Idaho elevators, while open market malt barley prices were unchanged this week. USDA reported net export sales of 200 MT for 2018/2019 for Taiwan. Exports 2,100 MT--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. The primary destination was Japan.

Barley Production Forecast: The USDA World Agricultural Supply and Demand Estimates Report (WASDE) released October 11 projected barley world production for 2018/19 at 141.25 million metric tons (MMT). U.S. production projections dropped 0.07 MMT from September projections to 3.33 MMT total, European Union projections dropped 0.40 MMT to 57.25 MMT compared to September, and Russia's October projections was 16.50 MMT, down 1.00 MMT from September. Unchanged from September projections were Canada at 8.80 MMT, Australia at 7.80 MMT and Ukraine at 7.60 MMT. The October forecast price range for barley is \$4.50 to \$5.15 per bushel compared to \$4.10 to \$5.30 per bushel in September.

WHEAT—Local cash wheat prices were somewhat mixed at Idaho elevators this week but trended down overall. SWW prices ranged from \$0.10 lower to \$0.05 higher than a week ago; HRW prices were \$0.05 lower to \$0.07 higher; DNS prices saw the most upward movement overall ranging \$0.05 lower to \$0.12 higher; and HWW prices saw \$0.09 lower to \$0.10 higher. Thursday, USDA reported net export sales of 435,300 metric tons for 2018/2019, down 34 percent from the previous week and 8 percent from the prior 4-week average. Increases were reported for Brazil (90,000 MT), Saudi Arabia (65,000 MT), Nigeria (55,500 MT), Iraq (52,200 MT), and Japan (31,000 MT). Exports of 317,100 MT were down 34 percent from the previous week and 16 percent from the prior 4-week average. The destinations were primarily to Thailand (55,000 MT), Iraq (52,200 MT), Japan (41,300 MT), the Philippines (39,600), and Italy (32,800 MT).

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Market News and Trends This Week—continued

Wheat Production Forecast: The USDA World Agricultural Supply and Demand Estimates Report (WASDE) released October 11 projected wheat world production for 2018/19 at 730.93 million metric tons (MMT). U.S. production projections increased 0.21 MMT from September projections to 51.29 MMT total, and Russia's projections dropped 1.00 MMT to 70.00 MMT compared to September. Unchanged from September projections were the European Union at 137.50 MMT, China at 128.00 MMT, India at 99.70 MMT and Canada at 31.50 MMT. The October forecast price range for wheat is \$4.80 to \$5.40 per bushel compared to \$4.70 to \$5.50 per bushel in September.

CORN—USDA reported net export sales of 1,431,000 MT for 2018/2019 for Mexico (527,400 MT), Canada (199,700 MT), Peru (184,900 MT), Japan (173,900 MT), and South Korea (136,100 MT). Reductions were reported for unknown destinations (62,700 MT). Exports of 1,408,100 MT were primarily to Mexico (390,600 MT), Japan (307,200 MT), Peru (154,900), South Korea (139,800 MT), and Saudi Arabia (82,500 MT).

Corn Production Forecast: The USDA World Agricultural Supply and Demand Estimates Report (WASDE) released October 11 projected corn world production for 2018/19 at 1,068.30 million metric tons (MMT). U.S. production projections decreased 1.24 MMT from September projections to 375.37 million MMT total, and the European Union's projections increased 0.20 MMT to 61.00 MT compared to September. Unchanged from September projections were China at 225.00 MMT, Brazil at 94.50 MMT, Argentina at 41.00 MMT, and Ukraine at 31.00 MMT. The October forecast price range for corn is unchanged from September at \$3.00 to \$4.00 per bushel.

Ethanol corn usage—DOE's Energy Information Agency (EIA) reported ethanol production for the week ending October 5 averaged 1.04 million bbls/day – up 2.46% from the previous week and up 7.55% over last year. Total ethanol production for the week came in at 7.28 million barrels. Ethanol stocks were 24.021 million bbls on October 5, up 2.46% from last week and up 11.61% from last year. An estimated 108.25 million bu of corn was used in last week's production bringing this crop year's cumulative corn usage for ethanol production at 537.24 million bu, toward the USDA estimate of 5.65 billion bu total needed this crop year.

Futures Market News and Trends This Week

WHEAT FUTURES—Wheat futures prices took some big hits this week with drops across the board over the previous week. Increased yields, production and consequently ending stocks kept the market bearish.

Wheat futures prices finished down \$0.01¾ to \$0.13 for the week. Wheat futures settlement prices for Thursday, 10/11/2018:

| | Dec 2018 | Week Change | Mar 2019 | Week Change | May 2019 | Week Change | July 2019 | Week Change |
|---------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| CHI SRW | \$5.08 | -\$0.13 | \$5.29¼ | -\$0.11 | \$5.41½ | -\$0.08¾ | \$5.48 | -\$0.07½ |
| KC HRW | \$5.13¾ | -\$0.10½ | \$5.38 | -\$0.08¾ | \$5.50½ | -\$0.07¾ | \$5.57¼ | -\$0.06¼ |
| MGE DNS | \$5.89½ | -\$0.01¾ | \$5.98¾ | -\$0.04¾ | \$6.05 | -\$0.06¼ | \$6.11 | -\$0.06¾ |

CORN FUTURES—Corn futures fared better than wheat with the USDA WASDE report lowering its forecast for 2018/19 average world yield and production.

December 2018 contract closed Thursday at \$3.69¼ up \$0.01 for the week, March 2019 contract closed at \$3.81¼ up \$0.01¼, May 2019 contract closed at \$3.88½, up \$0.01½ over the previous week, and July 2019 closed at \$3.94, up \$0.01¾ for the week.

CRUDE OIL FUTURES—U.S. West Texas Intermediate and international-benchmark Brent crude oil futures finished lower this week amid concerns about supply, as well as worries over demand. The constant selling pressure drove the West Texas Intermediate futures contract to its lowest level since September 21, leading to its first loss in five weeks. Brent futures hit its lowest level since September 24, finishing down for the first time since the week-ending September 7. A wide variety of factors drove the price down, including Hurricane Michael, demand growth concerns and increasing U.S. production. According to reports, Hurricane Michael led to a loss of about 630,107 barrels of production per day. OPEC cut its forecast of global demand growth for oil next year for a third straight month, citing trends from the broader economy with trade disputes and volatile emerging markets. OPEC also said it sees the oil market as well supplied and is concerned about oversupply next year.

EIA reported U.S. crude oil refinery inputs averaged 16.2 million bbls/day during the week ending October 5, 352,000 bbls/day less than last week's average. Refineries operated at 88.8% of capacity last week. There was an increase in Crude Oil stocks of 5.99 million bbls over last week to 409.95 million bbls, under the 5-year average of 411.51 million bbls. Distillate stocks decreased by 2.67 million bbls to a total of 133.46 million bbls, under the 5-year average of 137.48 bbls; while gasoline stocks increased by 0.95 million bbls to 236.17 million bbls, over the 218.24 million bbl 5-year average. The national average retail regular gasoline price was \$2.903 per gallon on October 8, 2018, \$0.037 higher than last week's price and \$0.399 over a year ago. The national average retail diesel fuel price was \$3.385 per gallon, \$0.072 per gallon above last week's level and \$0.609 over a year ago.

Crude Oil Futures finished down for the week to close at \$70.97/bbl on Thursday, October 11, 2018 (November contract), \$3.36/bbl below last week.

USDA Crop Progress / Condition Report, October 9, 2018

| Crop | % Progress | Previous Week | Previous Year | 5-Year Average | Condition Rating % Good/Excellent | Previous Week | Previous Year |
|--------------------------------|---------------|-------------------------|---------------|----------------|-----------------------------------|---------------|---------------|
| US Barley | | Not reported this week. | | | Not reported this week. | | |
| ID Barley | | Not reported this week. | | | Not reported this week. | | |
| US Winter Wheat Emerged | 30% | 14% | 23% | 28% | Not reported this week. | | |
| ID Winter Wheat Emerged | 35% | 14% | 34% | 31% | Not reported this week. | | |
| US Winter Wheat Planted | 57% | 43% | 46% | 54% | Not reported this week. | | |
| ID Winter Wheat Planted | 67% | 53% | 83% | 70% | Not reported this week. | | |
| Corn | 34% Harvested | 26% Harvested | 21% Harvested | 26% Harvested | 68% | 69% | 64% |
| | 93% Mature | 86% Mature | 80% Mature | 83% Mature | | | |

USDA U.S. Crop Weather Highlights—October 11, 2018

West—Dry weather favors summer crop maturation and fieldwork, including harvest activities and winter wheat planting. However, cool weather is slowing Northwestern winter wheat development. In Washington, 40% of the winter wheat had emerged by October 7, compared to the 5-year average of 55%.

Plains—Widespread freezes were observed Thursday across the Plains. Although summer crops are largely mature and being harvested, the cool weather could slow the emergence and establishment of recently planted winter grains.

Corn Belt—Very cool weather prevails in the wake of a cold front's passage. Freezes were noted Thursday in much of the northern and western Corn Belt, and many Midwestern producers are awaiting further drying before resuming harvest activities. During the week ending October 7, producers were able to harvest less than 5% of the corn and soybeans in Iowa, North Dakota, and Wisconsin.

South—Hurricane damage assessments and early recovery efforts are underway in the hardest-hit areas of western Florida, southeastern Alabama, and southwestern Georgia. In those areas, producers are contending with not only widespread destruction to crops, but also power outages and significant damage to farm infrastructure.

Outlook for U.S. Mainland—Cool but generally favorable weather should prevail for storm recovery efforts in Michael's wake. Meanwhile, moisture associated with the remnants of eastern Pacific Hurricane Sergio will overspread parts of the southwestern and south-central U.S. by week's end. Cool weather will continue to dominate the nation during the next several days, except for a gradual warming trend in the Far West. The NWS 6- to 10-day outlook for October 16 – 20 calls for near- to below-normal temperatures and precipitation across most of the country. Warmer-than-normal weather will be confined to the lower Southeast and the Pacific Coast States, while wetter-than-normal conditions should be limited to the Atlantic Coast States and from Arizona to western and southern Texas.

USDA International Crop Weather Highlights—October 10, 2018

EUROPE—Despite recent much-needed rain, lingering drought from central France into northwestern Poland maintained poor prospects for winter wheat and oilseed establishment. Sunny, warm weather across much of southern Europe promoted summer crop harvesting, although short-term dryness reduced topsoil moisture for winter crop planting and establishment in the Balkans.

MIDDLE EAST—Dry weather favored seasonal fieldwork, although short-term drought limited soil moisture for winter grain planting in central Turkey.

FSU—Rain in Ukraine and western Russia improved soil moisture for winter wheat establishment. Dry, warm weather promoted spring grain harvesting in Kazakhstan and central Russia.

ASIA—The retreat of monsoon showers continued across India, leaving late-planted summer (khraif) crops in central and western growing areas without sufficient soil moisture. Dry weather across eastern China promoted summer crop harvesting and field preparations for winter crop sowing.

AUSTRALIA—In the west, timely showers helped stabilize conditions for filling winter grains and oilseeds. In the south-east, dry weather further reduced yield prospects for reproductive to filling winter crops. In the northeast, rain provided some drought relief for germinating to emerging summer crops.

SOUTH AMERICA—Seasonal showers continued in leading soybean production areas of central and southern Brazil. Sunny skies promoted winter grain growth in central Argentina, after last week's beneficial rain.

MEXICO—Remnants of Tropical Storm Rosa boosted reservoirs in Baja Norte and Sonora.

CANADA—Spring grain and oilseed harvesting progressed in northern production areas, despite light snow cover.